GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Implementation of Visakhapatnam Chennai Industrial Corridor Development Project (VCIC-DP) Tranche- I &II - Permission to APIIC to utilize the resources generated by APIIC through allotment of industrial lands and provision of water supply to the Industrial units, developed with the infrastructure works of Tranche- I and II of the VCICDP, for the balance funding commitments of GoAP for the VCIC Tranche-I & II projects and for the future industrial infrastructure developments across the State – regarding.

INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.Ms.No.131 Dated:29.12.2023.

Read the following:

1. D.O. Letter No. 1913377/A2/INFRA/2022, dt.01.04.2023, of Special Chief Secretary, Government of AP addressed to DEA.
2. Email – dt.26.05.2023 of DEA, Ministry of Finance, Government of India.
3. D.O. Letter No. 2094641/A2/INFRA/A2/2022, dt.04.06.2023, of Special Chief Secretary, Government of AP addressed to DEA.
4. Letter No.FIN01-PMU0EAP(APP)/16/2021-EAP (C.No.1514390), dt.14.06.2023 of Special Chief Secretary, Finance Department, Government of AP addressed to DEA.
5. Letter of Extension of Loan 3430-IND received from ADB, dt.30.06.2023
6. E-File No.2249235 and 2247851 received from the VC&MD, APIIC Ltd.

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ORDER:

To strengthen AP's position as an attractive destination for both domestic and foreign investors, APIIC is developing sector-focused industrial parks, such as electronic manufacturing clusters, pharma parks, and food processing parks, along with mega industrial hubs in Kopparthy and Orvakal and industrial clusters in Nakkapalli, Orvakal, Naidupeta, and the southern region (Krishnapatnam, Srikalahasthi, Attivaram, etc.). To make these projects more conducive, APIIC is also developing external water supplies in Naidupeta (22 MLD), Srikalahasthi (95 MLD), Kopparthy (46 MLD), Orvakal (74 MLD), and Gopavaram (5.2 MLD). In addition, APIIC is developing ready-built and plug-and-play sheds/factories and flatted factory sheds for MSMEs. Under the *National Industrial Corridor Development Programme,* GoAP is developing futuristic industrial clusters that can compete with the best manufacturing and investment destinations in the world.

2. The Government of Andhra Pradesh is taking action to develop industrial nodes under the Vizag-Chennai Industrial Corridor Development Program (VCICDP), with the financial assistance of the Asian Development Bank (ADB). The ADB has been providing Multi Tranche Financial Facility of about USD 400Mns., towards Infrastructure Development and the State Share is about

(P.T.O)

USD 180Mns The list of Projects being developed with the financial assistance of ADB under VCICDP under both tranches along with the physical and financial progressas of October 2023 is given at **Annexure-I** and the details of the works undertaken by APIIC (out of the total works under VCICDP) along with the physical and financial progress as of October 2023 and financials are given at **Annexure-II**. These projects have the potential to boost economic growth and employment rate in the State.

3. On the request of the Department vide ref-1st read above, for according permission for extension of the Loan Period of the Visakhapatnam Chennai Industrial Corridor Development Program (Loan No 3430-IND) from 30th Jun 2023 to 31stDec 2023 for tranche-I works, vide reference 2nd read above, communication from DEA received requesting for submission of an undertaking that *the request for extension would be the last request* for extension and the commitment charges and other charges during extension would be borne by the Government of Andhra Pradesh. In response, the GoAP confirmed and informed to DEA vide reference 3rdand 4th read above, and further requested that during the extended period, the State Government will ensure that all efforts would be made to complete the works by 30.06.2024 and requested extension of availability of Loan Period (Loan No. 3430 -IND) up to 30.06.2024. On this, ADB informed the GoAP that loan period has been extended from 30.06.2023 to 31.12.2023 and further extension could be considered after assessing the performance of the project till the period of extension given. Hence, timely infusion of the funds to the completed works under the projects will ensure the required extension for Tranche-I projects.

4. In the reference 6th read above, the VC&MD., APIIC Ltd., has informed that APIIC, as the implementing agency (IA), is developing three industrial clusters in two tranches under the VCICDP and the Internal and external infrastructure projects in these selected Industrial clusters are at various stages of the development and progressing rapidly to ensure incoming industries have immediate access to the necessary infrastructure and support systems, fostering a thriving industrial ecosystem within the region. Upon their successful culmination, these projects will pave the way for the strategic allotment of land parcels to industries, adhering to the established APIIC land allotment policy. These crucial projects are taking shape with substantial financial support in form of loan from Asian Development Bank (ADB) and further financial aid from the Government of Andhra Pradesh (GoAP). Thus, it is imperative to comprehend the funding challenges and ensure completion of these projects, before December 2023 for ensuring disbursement of the approved loan amount from ADB. Further, he informed that completion of the above projects under Tranche - I & II will have a very positive impact on the industrial fraternity in the corridor and setting up of new industrial units would manifold. By execution of these projects an extent of Acs 2300 of land would became available for allotment to new Industrial units and monetise.

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The resources, thus generated, would be reasonable enough for the APIIC to fund these ongoing projects on its own. The water supply project to the industries & CETP further enhances the resources of APIIC. At the advent of growing industrialization across the corridor region, monetizing GoAP's industrial land banks along with providing water supply to industrial areas such as Naidupeta, Srikalahasthi, Nakkapalli, and Rambilli, is estimated to generate significant revenue that can be utilized to fund other infrastructure projects in the Industrial clusters across the State and also for the balance funding commitments for the VCIC Tranche-I & II projects of APIIC so that the works of VCICDP can be completed without any delay.

5. Hence, the VC&MD., APIIC Ltd., has requested to permit him to utilize the resources generated by the APIIC by allotment of industrial lands in accordance with the established APIIC land allotment policy and provision of water supply to the Industrial units, developed with the infrastructure works of Tranche-I and II of the VCICDP, for the balance funding commitments for the VCIC Tranche-I & II projects so that the works of VCICDP can be completed without any delay and for the future industrial infrastructure developments across the State. Accordingly, APIIC has submitted that APIIC shall bear the GoAP's commitment of funding VCIC Tranche-I & II projects (remaining is loan from ADB) as these assets belong to GoAP and APIIC shall claim for reimbursement of ADB share to VCIC PD-PMU, as per the procedure laid down vide G.O.Ms.No.120, Finance (Budget) Department, dt.13.06.2022.

6. The Finance Department has concurred the proposal with the remarks that APIIC / Department to follow relevant laws and GOs of the Revenue Department and the bye-laws and land allotment policies of APIIC and also, following the principles of the guidelines of the National Monetization Pipeline. Further, the Department should consider the loan agreement provisions w.r.t assets created from the VCIC loan on further processing.

7. Government, after careful examination of the proposal, hereby permit the APIIC to utilize the resources generated by the APIIC by allotment of industrial lands and provision of water supply to the Industrial units, developed with the infrastructure works of Tranche-I and II of the VCICDP, for the balance funding commitments of GoAP for the VCIC Tranche-I & II projects so that the works of VCICDP can be completed without any delay and for the future industrial infrastructure developments across the State with the following:

a. APIIC shall bear the GoAP's commitment of funding VCIC Tranche-I (APIIC- 01, 03, 04, and 05) & Tranche-II projects (APIIC 06 & 09) (remaining is loan from ADB) and APIIC shall claim for reimbursement of ADB share to VCIC PD-PMU.

(Contd....P4)

b. APIIC shall follow the existing and approved regulations for land allotments to the industrial units and relevant laws and GOs and following the principles of the guidelines of the National Monetisation Pipeline.

8. The Vice Chairman & Managing Director, A.P. Industrial InfrastructureCorporation Limited, the Commissioner of Industries, A.P. and the FinanceDepartment, shall take necessary action in the matter accordingly.

9. This order issues with the concurrence of the Finance Department vide their U.O.No.FIN01-PMU0EAP(APP)/20/2023-EAP (C.No.2250872).

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N YUVARAJ
SECRETARY TO GOVERNMENT& CIP

To

The Commissioner of Industries and Project Director, VCICDP.,
Enikepadu, Vijayawada.
The VC&MD., APIIC Ltd., Mangalagiri.
The PMU of VCICDP.
Copy to:
The Finance Department, A.P. Secretariat.
All Heads of Departments.
The CEO, APCFSS,Mangalagiri.
The Director of Treasuries and Accounts,Mangalagiri..
The Pay & Accounts Officer, Mangalagiri.
The Director, Works & Accounts, Mangalagiri.
The P.S. to Spl. Chief Secretary to C.M.
The P.S. to Hon'ble Minister (III&C and IT).
The P.S. to Chief Secretary to Government.
The P.S. to Spl. Chief Secretary to Government, Finance Department.
The P.S. to Secretary to Government (B-IF), Finance Department
The P.S. to Secretary to Government(FP), Finance Department.
The P.S. to Secretary to Government & CIP., Ind. & Comm. Department
Sf/Sc.

//FORWARDED BY ORDER//

SECTION OFFICER

(G.O.Ms.No.131, Industries & Commerce (INFRA) Dept., dt.29.12.2023.)

Annexure-1: List of Projects being developed with the financial assistance of ADB under VCICDP under both tranches

Tranche - I : Status of implementation of Sub-projects (ADB Share : 78.5% &GoAP Share: 21.5%)

S.N	Name of the sub-project	Project Cost	Physical Progress		Financial Progress	
	APIIC					
1	1 MLD CETP, O&M for 10 Years at MP SEZ, Naidupeta**(APIIC-01) (Completed, O&M in Progress) (Opex:89.28)**	41.09	31.41	100%	18.37	58.48 %
2	Augmenting Utility Services for Naidupeta Industrial Cluster-(IP Attivaram, MP-SEZ, IP Menakuru**(APIIC-03)**	149.91	105.68	77.06 %	95.35	69.53
3	Providing Bulk Water Facility and SST/WTP at Naidupeta IP **(APIIC-04)**	90.14	59.14	76.43 %	57.59	74.42 %
4	Providing 112 MLD Bulk water supply to Industrial Clusters in Southern region-AP **(APIIC-05) (Opex : 2.42)**	719.51	305.60	48.62 %	258.93	41.19 %
	APRDC					
5	Widening and strengthening of Samarlakota - Rajanagaram Road **(APRDC-01)**	359.90	109.38	37.35 %	77.90	26.60 %
	APTRANSCO					
6	Augmenting power distribution capacity @ Visakhapatnam Node**(APTransco-01)**	299.05	176.80	64.83 %	112.89	41.40 %
7	Augmenting power distribution @ Srikalahasthi - Yerpedu Node **(APTransco-03) (Completed)**	345.93	345.93	100%	291.56	84.28 %
	GVMC					

8	Distribution Network mprovements for NRW 'eduction and 24x7 supply **(GVMC-02)** (Opex : 48.99)	441.32	279.96	70.79 %	169.91	42.96 %
		2446.86	**1413.90**	**64.81 %**	**1082.50**	**49.62 %**

VCICDP - Tranche - II : Status of Implementation of Subprojects (ADB Share : 85.3% &GoAP Share: 14.7%)

S.N	**Name of work**	**Administrative Sanction (Crs) Go.RT - 204, Dated : 13.12.2022**	**Present Status**
	APRDC		
1	Widening & Strengthening of External Connectivity to **Naidupeta Industrial Cluster - APRDC-04**	**120.78**	Contract signed on 21.09.2022
2	Widening & Strengthening of External Connectivity to **Routhusuramala Industrial Cluster - APRDC-05**	**67.42**	Contract signed on 16.05.2022 Commencement Date is 07.07.2023
3	Widening & Strengthening from NH-16 to **Nakkapalli Industrial cluster - APRDC-06**	**25.91**	Contract signed on 10.01.2023
4	Widening to 4 lane of Atchuthapuram - Anakapalli Road Connectivity to **Atchuthapuram (Rambilli) Industrial Cluster - APRDC-07**	**243.02**	Contract signed on 17.06.2022
	APIIC		

5	Development of Major infrastructure and utilities in Start-up area of 2648.09 Acres **(Yerpedu - Srikalahasthi) Chittoor South Cluster -** APIIC-	**462.96**	Financial Bid Evaluation is in process
6	Development of Major infrastructure and utilities in Start-up area of 396.27 Acres Atchuthapuram (Rambilli) Cluster - APIIC-08	**149.00**	IFB 3rd call - Bid submission: 16.08.2023. No Bids Received.
7	Development of Major infrastructure and utilities in Start-up area of1120 Acres Nakapalli Cluster - APIIC-09	**399.03**	Financial Bid Evaluation is in process
	TOTAL	**1468.12**	

N YUVARAJ
SECRETARY TO GOVERNMENT& CIP

(G.O.Ms.No.131, Industries & Commerce (INFRA) Dept., dt.29.12.2023.)

Annexure-II VCICDP Projects developed by APIIC with financialassistance of ADB

Table1: List of Projects developed with financial assistance of ADB

S No	Tranche	Name of the project	Project Cost (INR Cr)		
			ADB	GoAP	Total
1	Tranche-I	**APIIC-01** Establishment of 1 MLD CETP (on EPC Mode) including O&M for a period of 10 Years at MP SEZ, Naidupeta (Excluding O&M)	27	7	**34**
2		**APIIC 03:** Augmenting Utility Services for Naidupeta Industrial Cluster-(IP Attivaram, MP-SEZ, IP Menakuru)	141	38	**179**
3		**APIIC 04:** Providing Bulk Water Facility and Summer Storage Tank /WTP at Naidupeta IP.	58	19	**77**
4		**APIIC 05:** Providing water supply to Indus. Clusters in Southern region-AP	540	148	**688**
		Total	**766**	**212**	**978**
5	Tranche-II	VCIC -06- Internal Infra Chittoor Cluster	312	111	**423**
6		VCIC- 09-Internal Infra in Nakkapalli Cluster	291	104	**395**
		Total	**603**	**215**	**818**
		Grand Total	**1,369**	**427**	**1,796**

Table2:Status& Details of funds released and Balance to be released

Tranche - I

S No	Name of the project	Funds released (INR Cr)			Balance to be released INR Cr)			Physical Progress
		ADB	GoAP	Total	ADB	GoAP	Total	
1	**APIIC-01** Establishment of 1 MLD CETP (on EPC Mode) including O&M for a period of 10 Years at MP SEZ, Naidupeta (Excluding O&M)	14	4	**18**	13	3	**16**	**Works completed O&M in progress**
2	**APIIC 03:** Augmenting Utility Services for Naidupeta Industrial Cluster-(IP Attivaram,MP- SEZ,IP	82	22	**104**	59	16	**75**	**80%**

3	**APIIC 04: Providing Bulk Water Facility and Summer Storage Tank /WTP at Naidupeta IP.**	41	9	**50**	17	10	**27**	**69%**
4	**APIIC 05: Providing water supply to Indus. Clusters in Southern region-AP**	200	59	**259**	340	89	**429**	**51%**
	Total	337	94	**431**	29	116	**545**	

Tranche - II

S No	Name of the project	Project Cost (INR Cr)	Present Status
1	**APIIC - 06** : Development of Major Infrastructure and Utilities in Startup area of 2648.09 Acs (Yerpedu - Srikalahasthi) Chittoor South Cluster - APIIC - 06	462.96	Tenders are under Finalization
2	**APIIC - 09:** Development of Major Infrastructure and Utilities in Startup area of Acs 1120.00 Nakkapalli Cluster	399.03	Tenders are under Finalization

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